

Some call it an estate plan.

We call it a life plan.

How to get started. A simple guide to estate planning.



Getting Started

You've picked up this booklet and made it to page 1. You are on your way to taking control over some of life's most important areas.

The term "estate planning" tends to intimidate people. It sounds like something for the wealthy. It seems like something that can wait until retirement. It is neither. Estate planning is for everyone, and the time to create one is now.

That's because estate planning is about taking control in the most important areas of your life—like your family, your business, and the charities and causes you care about the most. Without a plan, important decisions about your assets, your healthcare, and the care of your children are left to the courts and state laws to handle according to predetermined formulas.

You've worked hard to achieve what you have—whether it's a little or a lot or somewhere in between—and you deserve the right to say what happens to it. An estate plan gives you the control you deserve. I hope this booklet will be helpful.

Please don't hesitate to contact us if you would like to discuss the possibility of including Regional Health Foundation in your estate plans.

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What this guide will do for you:

- Take the fear out of estate planning.
- Prepare you to have meaningful conversations with your attorney and financial planner and enable you to make well-informed decisions regarding your estate.
- Help you consider your priorities, identify your goals, organize your thoughts— and get started.
- Introduce you to charitable planned giving strategies that can benefit you, your heirs, and your favorite charities; charities like Regional Health Foundation.

What this guide will not do:

Replace the need for professional advice

This guide is intended to give you the basics and help you get started. Decisions about your estate and your legacy are important and long lasting. Get advice and guidance from professionals.

Try to convince you to “disinherit” your heirs

This guide includes information about how to make charitable giving part of your estate plan. The purpose is to introduce you to some of the creative, strategic planned giving tools that allow you to support the causes you care about and gain tax benefits for yourself and your family. The intention is not to make charitable gifts at the expense of your loved ones.



Start here

Five Steps to Begin Planning Your Estate

Inventory your assets

Use the companion *Will Starter Kit* to get a sense of your assets and their value. Once you've got this organized, you can start thinking about what you would like to do with your estate. Assign realistic values to your assets. You might be surprised to learn the current value of an asset you've been planning to give to a family member.

Think about your priorities

Estate planning extends your influence to your loved ones, your community, and the causes you care about even after you're gone. Before you get down to the nitty gritty of planning, consider your priorities and goals. Ask yourself questions like these:

1. What values do I want to pass on to the next generation?
2. Do I want my children to receive an equal share of my estate?
3. If I could give my kids and grandkids a ton of money, would I? Is this what's best for them?
4. What charities or causes do I want to support far into the future?
5. What accomplishments am I most proud of in my life? How can I use my estate plan to extend these accomplishments into the future?

Identify your beneficiaries

Make a list of the individuals and organizations that you want to provide for in your estate plan. Note any conditions that might determine the method and circumstances by which you assign them certain assets. For example, you may want to leave your grandchildren some money, but only if they go to college and only a little at a time.

Call a family meeting

At the very minimum, keep your spouse in the loop from the get-go. It's not only a matter of respect, but coordinating plans between spouses often leads to additional savings for your estate. You may want to have a family meeting to discuss your plans with as many family members as possible. If you are considering a gift through your estate to a charitable organization you might benefit by scheduling a meeting or phone call with the organization's planned giving department to discuss your goals and intentions.

Write your will

More than 60% of Americans pass away without a valid will in place. Don't let it happen to you. If you already have a will, congratulations! You're ahead of the curve.

All About Beneficiaries

3 Things to Keep in Mind

Your beneficiary designations (not your will) control how certain assets, such as life insurance and retirement accounts, are distributed.

Name them

Read the instructions carefully, be specific in your instructions and name primary and back-up beneficiaries.

Update them

As life goes on, your goals and priorities shift, certain accounts may grow more quickly than others, and family circumstances change. Do a review every 3-5 years and update your will and beneficiaries as needed.

Coordinate them with your will and trust

Consult with professional planners to be sure your beneficiary designations work well together with the rest of your estate plan and take full advantage of tax benefits and planning opportunities.



What makes a good estate plan?

An estate plan typically begins with writing a will, but it can also involve:

- Establishing trusts
- Identifying or changing beneficiaries of life insurance policies and retirement accounts
- Selecting guardians for minor children
- Setting up “pay-on-death” (POD) and “transfer-on-death” (TOD) accounts so your bank and investment accounts can pass directly to the beneficiaries you’ve chosen without the courts getting involved.
- Providing lifetime income for yourself and others through planned giving tools
- Minimizing taxes and other estate settlement costs
- Passing on business interests
- Providing for your charitable interests

A good estate plan will accomplish the following:

- Secure the future financial welfare of your surviving spouse.
- Provide for the support or special needs of your children or grandchildren, especially minors with costly illnesses or disabilities.
- Provide or continue support to non-profit organizations that are meaningful to you.
- Minimize the legal wrangling that occurs when settling the assets of an estate.
- Avoid the need to sell off assets by providing in advance for necessary expenses that will occur in the process of settling your estate.
- Coordinate all your legal documents into one cohesive package, which includes the people and organizations you wish to receive your insurance and retirement benefits.
- Prepare flexible documents to allow adjustments down the road when tax laws or life circumstances change.
- Avoid lawsuits, personal resentment, and confusion by making your intentions clear.
- Preserve your privacy. Once the estate is opened, the will becomes public. A good estate plan can keep prying eyes and nosy noses from otherwise invading your family’s private business.
- A good estate plan provides for the survival and perpetuation of your business.
- Reflect your values, interests, and wishes. Do you want your grandchildren to have the chance to study abroad? Do you dream of having your name etched on a plaque that will hang on the wall of an institution that’s important to you? You can make your plan a reflection of who you are and what’s most important to you.

It's not just about your stuff.

Estate planning is about so much more than just your stuff. It's a way to extend your influence and values beyond your lifetime.

One way to make your estate plan a meaningful reflection of who you are is by incorporating charitable giving into your plans. As a bonus, many charitable giving tools also return benefits to you and your loved ones. Talk with your financial planner and the planned giving officers at the institutions you want to support. They can work together to make sure your goals are accomplished.

There are many charitable giving tools, but just to get your wheels turning, here are *the big three*:

A gift of retirement assets

During your lifetime retirement accounts are good for making money for you. But after your lifetime, they are mostly good for making money for Uncle Sam. When you designate retirement plan assets to your heirs, taxes can slice away as much as 70 percent before your loved ones see a penny! Using a retirement account to make a charitable gift can be a savvy way to protect your assets, provide significant support to a cause you care about, and preserve your estate for your heirs.

A gift through your will or trust

This is the easiest and most popular of all planned gifts. It costs you nothing during your lifetime and leaves a powerful impact. A gift through your will or trust is known as a *bequest*.

- **It is flexible.** You can give a specific asset or a share of what's leftover after your heirs are cared for.
- **It is revocable.** You can easily revise your plans if your life circumstances change.
- **It is simple.** A simple paragraph or a one-page amendment to your existing will or trust documents is all it takes.

A gift that pays you back

A *Charitable Gift Annuity (CGA)* is a popular gift planning strategy that provides tax-favored income for you and support for a mission you care about. Here's how it works: You give cash or other assets to a non-profit organization to invest. The non-profit contracts to pay you and/or a loved one a fixed amount annually for life. The payout rates are based on your age at the time you make the gift. They are often equal to or even higher than the interest rate you had been receiving on the assets you use to fund your CGA. You'll receive a charitable deduction in the year you create the annuity, and only a portion of each annuity payment will be taxed as ordinary income. When the contract ends, the principal passes to the non-profit to advance their mission. A Charitable Gift Annuity is a win-win!

When it comes to your legacy, you deserve the best.

If you have heart problems, you're not going to just anyone with the letters M.D. after his/her name. You want a cardiology specialist. Same goes here. When choosing an attorney or financial planner, find those who specialize in estate planning and interview them until you find one you like.

What's Next?

Even if you only need a simple will, it is advisable to seek the help of a qualified attorney. Writing a will is one of the least expensive legal tasks that you can request and it is well worth the investment to have it done by an expert.

It is also advisable to consult with a tax advisor or other financial professional(s) who can help develop a plan that meets your specific estate planning goals.

Lastly, should your plan have charitable intentions, work with a representative from the charity to ensure that your generosity will be used as intended. Clarifying your intentions will allow for the greatest impact.

Have Questions?

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Glossary

Your everyday, plain language guide to estate planning terminology

Here are a few terms you should be familiar with so you can have a meaningful conversation with your attorney. You don't have to remember them forever, and there will not be a test. You can even take this "cheat sheet" with you to meet with your financial advisor or to your attorney's office.

Annuity

An agreement that pays a fixed amount of benefits every year for the life of the person who is entitled to those benefits.

Appreciated Property

Securities, real estate, or any other property that has risen in value since it was purchased. Generally, appreciated property held by the donor for more than a year may be donated at full fair market value with no capital gains tax.

Beneficiary

The recipient of a bequest from a will or a distribution from a trust, retirement plan, or life insurance policy.

Bequest

A transfer of property or cash to an individual or organization under a will.

Codicil

A document that amends, rather than replaces, a will. Amendments made by a codicil may add or revoke a few small provisions or may completely change the majority or all of the gifts under the will. Each codicil must conform to the same legal requirements as the original will.

Durable Power of Attorney

A legal document that gives a person of your choice the power to handle important matters if you become incapacitated or unable to act on your own behalf. The trusted person you list can do things like pay your bills or make medical decisions for you, depending on the details included in the document.

Grantor

The individual transferring property into a trust.

Living Will

Also called a health care directive this is a legal document that states a person's wishes about medical care in the event that person is unable to speak for him or herself.

Planned Gift

A gift that uses current tax laws to maximize the gift's impact on a charitable organization.

Probate

The review or testing of a will before a court to ensure that the will is authentic and the estate is distributed properly. A good estate plan minimizes the cost and time needed for probate.

Revocable Living Trust

A trust you create during your life, titling all or selected assets to the trust, which will be managed by a trustee. It is called "revocable" because you can terminate the trust during your lifetime. You can serve as the trustee if you wish. When you pass away, the trust will distribute or continue to manage the assets in accordance with your wishes.

Testamentary Trust

A trust created by a will that takes effect upon the death of the person who made the will.

Trust

A legal entity created, by a written agreement, to hold and invest property for the benefit of the grantor and/or other beneficiaries.

Trustee

An individual or organization carrying out the wishes of the person who established the trust (the grantor), paying income to the beneficiaries, and preserving the principal for final distribution.



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